

**STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION**

**Implementation of Renewable Portfolio Standard )  
Legislation (Public Utilities Code Sections 381, )  
383.5, 399.11 through 399.15, and 455; [SB 1038], )  
[SB 1078]) )  
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**Docket No. 03-RPS-1078  
Committee Order on  
RPS Proceeding and CPUC  
Collaboration**

**COMMENTS OF APX INC.  
ON OUT-OF-STATE ELIGIBILITY  
UNDER PHASE 1 OF THE RPS PROCEEDING**

APX Inc. appreciates the opportunity to provide comments regarding the issue of out-of-state eligibility raised under Phase I of the RPS Proceeding.

Background

APX Inc. developed and administers the NEPOOL Generation Information System (GIS), an accounting and verification system covering all generation and load in the six New England states. This system allows load serving entities to demonstrate compliance with various state requirements by trading certificates, which represent the generation attributes of electricity, as a product entirely separate from the commodity energy. New England State regulators rely on the GIS to verify compliance with the various RPS, generation performance standards and environmental disclosure programs in the New England states.

In the GIS, one certificate is created for each MWh of energy generated in New England or imported into New England from other control areas. The system uses financial settlement data on generation and load from ISO New England's Market Settlement System as the basis for creating certificates and assigning obligations to load-serving entities.

APX Comments on Verification that Out-of-State Power Came from an Eligible Technology

As the CEC and the CPUC investigate the implementation of an RPS for California, one of the issues being addressed is the eligibility of out-of-state resources. One key question regarding the eligibility of out-of-state resources is how to verify that the power is produced using an eligible electricity generating technology. APX offers our experience on how this issue has been treated in another area of the country in hopes that it will help further discussions on the issue in California.

Massachusetts promulgated RPS regulations in April 2002.<sup>1</sup> These regulations do allow for out-of-state power to qualify for RPS compliance provided that the an external unit contract is executed between the generator owner and an energy purchaser located in the ISO New England control area. (The other requirements for imports are described in the next section below.) In order to qualify for RPS compliance, all generating units, whether located within ISO New England or outside, must complete the Statement of Qualifications process. The Statement of Qualification, attached as Appendix B, requires all units to certify the fuel type along with a number of other pieces of information regarding the unit. Through this qualification process, the Massachusetts Division of Energy Resources who administers the RPS, verifies that the unit is indeed a qualified resource.

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<sup>1</sup> Please refer to the full text of the Massachusetts RPS at <http://www.state.ma.us/doer/rps/225cmr.pdf>.

## APX Comments on Verification of Delivery of Out-of-State Power

Another key question regarding the eligibility of out-of-state power is how to verify that the energy was actually delivered into the California ISO. Again, APX offers our experience on how this issue has been treated in another area of the country in hopes that it will help further discussions on the issue in California.

For system power imports into New England, a system average mix from the exporting control area is assigned to each certificate. However, the GIS Operating Rules do allow the import of certificates with unit-specific attributes that meet the requirements set out in the Operating Rules. (Please refer to Appendix A for the full text of the operating rule regarding imports) The Operating Rule regarding imports specifies that the energy from the specific unit must be physically delivered into the ISO New England control area. **APX, as the GIS Administrator, verifies that the energy was delivered into ISO New England before unit-specific attributes can be assigned.** The steps below outline the process by which a New York renewable energy generator, for example, could import its attributes into New England for sale in the RPS market or otherwise.

- A New York renewable energy generator contracts with a retail supplier in New England for the unit's energy. Pursuant to an External Transaction for the output of a particular External Resource, the New York renewable energy generator schedules its output and secures transmission for export of the power to New England. The schedule contains an asset identifier so that APX can track the transaction through to New England. Transmission must be secured from the unit to the New York border and from the New York border across into New England.
- The generator runs, produces MWh and the energy settles within the importing entity's account.
- The importing entity registers the New York unit in its GIS account and specifies to the Administrator that it wants to claim the attributes of the power.
- The importing entity certifies that the attributes have not been otherwise sold or used.
- The GIS Administrator performs an hourly matching of the NERC tags associated with the contract to bring the energy into New England and the hourly generation from the unit. In this manner, APX compares the contract flow and the hourly energy output from the unit. Information on the unit's hourly output is obtained through a NYISO report. **For hours in which the contract flowed, as specified by the NERC tag, and the unit produced energy, as specified by the NYISO report, APX can assign unit specific attributes.** In hours where the contract flowed, but the unit did not flow, we assume that system power flowed into New England and assign the certificates the system average of the exporting control area. In hours that the contract did not flow but the unit ran, no energy was delivered into New England and no certificates are created.
- If all criteria for the import are met, the certificates will be assigned to the importing entity's account.

In this manner, APX verifies the delivery of the imported energy along with its attributes into the ISO New England control area.

Thank you for the opportunity to provide our comments. Please contact me if I can provide any further information.

Respectfully submitted,

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## Appendix A – NEPOOL GIS Operating Rule 2.7 Regarding Imports

### Rule 2.7 Imports

- (a) All Energy imported into the Control Area must be accounted for through the creation of Certificates for the amount of such imported Energy.
- (b) The fields for emissions and fuel sources for Certificates associated with Energy imported into the Control Area (i) prior to the SMD Effective Date, pursuant to a System Contract or pursuant to a Unit Contract not satisfying the requirements of paragraph (c) and (ii) from and after such date, pursuant to an External Transaction purchase not satisfying the requirements of paragraph (c) below (together “Imported System Energy”), shall be provided to the GIS Administrator by one of the Environmental Regulatory Agencies listed on Appendix 5.3. Such Certificate fields for each adjacent control area shall be based (i) on independently audited data for such control area, or (ii) on the average of the emissions and fuel source data for such control area as included in the most recent year’s data in the EPA’s E-GRID software or AirData database, adjusted to reflect the latest available imports to and exports from such control area, or (iii) on data obtained by such Environmental Regulatory Agency from a local environmental regulatory agency for such control area. The Certificate fields for each adjacent control area that are in effect from time to time shall be posted on the GIS website. At such time as a source control area for Imported System Energy implements a generation information system that is compatible with the GIS, as determined by the NPC or its delegatee (a “Compatible GIS”), the NPC or its delegatee may amend this Rule 2.7(b) to address the creation of Certificates under this Rule 2.7(b). Each Certificate associated with Imported System Energy will reflect the most recently available overall mix of fuel sources and emissions of the source control area. The Certificate field for location will also be completed for Certificates associated with Imported System Energy. All Certificate fields for Certificates associated with Imported System Energy other than fuel source, emissions and location shall state “not applicable.”
- (c) The Certificates for Energy imported into the Control Area (i) prior to the SMD Effective Date, pursuant to a Unit Contract and (ii) from and after such date pursuant to an External Transaction for the output of a particular External Resource identified in the MSS for purposes of the GIS (together “Imported Unit Energy”), shall reflect the attributes of the generating unit generating such Energy if:
- (v) such generating unit is eligible under one of the RPS fields listed in Part 2 of Appendix 2.4;
  - (w) such Energy is imported from such generating unit in an adjacent control area into the Control Area with transmission rights over the ties to the Control Area;
  - (x) such Energy is actually settled in the MSS;
  - (y) the Importing Account Holder importing such Energy has registered the applicable generating unit in the GIS as contemplated by Rule 2.3 and has provided the data contemplated by Rule 2.5; and
  - (z) such Importing Account Holder provides the GIS Administrator with (i) evidence, which has been verified by the GIS Administrator, that the generating unit actually generated such Energy, (ii) a NERC tag for such Energy meeting the requirements of the System Rules for External Transactions for Energy and the requirements of the adjacent source control area, and (iii) a certification of the seller of such Energy, in the form set forth in Appendix 2.7A, to the effect that the specified attributes have not been and will not be otherwise sold, retired,

claimed, represented as part of Energy sold elsewhere or used to satisfy obligations in another jurisdiction.

(d) The GIS Administrator shall, on a quarterly basis, post on the GIS website and shall mail or electronically mail to the regulatory agency for the source control area listed on Appendix 2.7B a list of the Imported Unit Energy transactions that caused the creation of unit-specific Certificates based on data provided by an Importing Account Holder under paragraph (c) above. Such list shall identify the location of the generating unit generating the Imported Unit Energy to which each such transaction relates, the name of the Importing Account Holder registering such unit in the GIS, and the Certificate numbers created as a result of such transactions.